

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 USIA-06

PRS-01 /093 W

----- 109649

R 301505Z APR 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6852

INFO AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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EO 11652: N/A

TAGS: EFIN, NU

SUBJECT: VENEZUELAN OIL SCHEME

REF STATE 094362

1. CENTRAL BANK ESTIMATES REAL VALUE FIRST YEAR REBATE FROM VENEZUELAN OIL PURCHASES AT \$15 MILLION. ABOUT \$5.5 MILLION RECEIVED FOR FIRST QUARTER, 50 PERCENT IN DOLLARS AND 50 PERCENT IN BOLIVARS.

2. COST OF VENEZUELAN FUNDS DOES CONCERN BANK; AT 8 PERCENT IT IS FAR HIGHER THAN ALTERNATIVE BALANCE OF PAYMENTS RELIEF SOURCES SUCH AS 1975 OIL FACILITY. PRESIDENT OF BANK FEELS MORE CONCERNED, HOWEVER, THAT COMMERCIAL BANK BORROWINGS

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BY AUTONOMOUS GOVERNMENT AGENCIES WILL PUSH NICARAGUAN

FOREIGN EXCHANGE RESERVES BEYOND ELIGIBILITY FOR FACILITY.

3. WE HAVE NO ESTIMATE OF PERCENTAGE OF REBATE LIKELY TO
BE USED UNDER SIX YEAR PROVISION. ACCORDING TO CENTRAL
BANK PRESIDENT, ONE RESTRICTION ON CONVERSION TO
COUNTERPART FOR DEVELOPMENT LOANS IS THAT PROJECTS ARE
TO REPAY FINANCING WHICH APPEARS TO EXCLUDE SUCH IMPORTANT
SECTORS AS EDUCATION AND HEALTH AND MANY PUBLIC WORKS.
SHELTON

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Message Attributes

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